Supreme Court, U.S.
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No. 00-1541

IN THE

Supreme Court of the United States

THE LI SECOND FAMILY LIMITED PARTNERSHIP,

Petitioner,

v.

TOSHIBA CORPORATION and TOSHIBA AMERICA ELECTRONIC COMPONENTS, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION

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May 24, 2001

22 pp

QUESTIONS PRESENTED

1. Whether, as asserted by Li, "[t]he various federal circuit courts of appeal have routinely usurped the fact-finding function of the district courts."

2. Whether, as asserted by Li, the Federal Circuit "specifically reject[ed] the basis for the trial court's finding of [Li's] knowledge" and "substituted its own finding of fact on [Li's] knowledge."

3. Whether, as asserted by Li, there was an actual conflict between the trial court's supposed "explicit" ruling and the Federal Circuit's supposed "implicit" ruling.

CORPORATE DISCLOSURE STATEMENT

Toshiba Corporation is the parent of Toshiba America, Inc. which is the parent of Toshiba America Electronic Components, Inc.

TABLE OF CONTENTS

page

QUESTIONS PRESENTED i

CORPORATE DISCLOSURE STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES iv

STATEMENT 1

A. Introduction 1

B. Factual Background 3

REASONS FOR DENYING THE PETITION 7

A. Li's First Question Presented Does Not Warrant Review 7

B. Li's Second Question Presented Does Not Warrant Review 9

C. Li's Third Question Presented Does Not Warrant Review 12

CONCLUSION 16

TABLE OF AUTHORITIES

Cases:

Armstrong Surgical v. Armstrong Memorial Hospital,
185 F.3d 154 (3d Cir. 1999) 8

Be-Lo Stores v. N.L.R.B.,
126 F.3d 268 (4th Cir. 1997) 8

Bellsouth Advertising and Publishing
Corp. v. Donnelley Information Publishing Inc.,
999 F.2d 1436 (11th Cir. 1993) 8

Cilicek v. Inova Health System Services,
115 F.3d 256 (4th Cir. 1997) 8

Curcio v. John Hancock Mut. Life Ins. Co.,
33 F.3d 226 (3d Cir. 1994) 8

Diamond Walnut Growers, Inc. v. N.L.R.B.,
113 F.3d 1259 (D.C. Cir. 1997) 8

Families Achieving Independence v. Social Services,
91 F.3d 1076 (8th Cir. 1996) 8

Greenwood v. Societe Francaise De
111 F.3d 1239 (5th Cir. 1997) 8

Huertas v. East River Housing Corp.,
992 F.2d 1263 (2d Cir. 1993) *8*

Jobe v. I.N.S.,
238 F.3d 96 (1st Cir. 2001) 8

Johnson v. Methorst,
110 F.3d 1313 (8th Cir. 1997) 8

Libman Co. v. Vining Industries, Inc.,
69 F.3d 1360 (7th Cir. 1995) 8

Nobelpharma AB v. Implant Innovations, Inc.,
129 F.3d 1463 (Fed. Cir. 1997),
op. withdrawn on reh.,
141 F.3d 1059 (Fed. Cir. 1998) 8

Nobelpharma AB v. Implant Innovations, Inc.,
141 F.3d 1059 (Fed. Cir. 1998) 6

Prudential Ins. Co. of America v. Lai,
42 F.3d 1299 (9th Cir. 1994) 8

Stotts v. Memphis Fire Department,
858 F.2d 289 (6th Cir. 1988) 8

Streber v. C.I.R.,
138 F.3d 216 (5th Cir. 1998) 8

United States v. Jerez,
108 F.3d 684 (7th Cir. 1997) 8

Ware v. Unified School District No. 492,
902 F.2d 815 (10th Cir. 1990) 8

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BRIEF IN OPPOSITION

STATEMENT

A. Introduction

Li, in his questions presented, bases his case on three factual assertions, each of which is unsupported and incorrect.

First, Li asserts that "[t]he various federal circuit courts of appeal have routinely usurped the fact-finding function of the district courts." However, Li cites no authority to support this

sweeping assertion. Rather, all that he cites are carefully selected dissents from a small smattering of cases which *assert* that *in that particular case* the majority improperly found a particular fact to be true. In none of the heavily relied upon dissents cited by Li is there any assertion that it is *routine* for *all* federal circuit courts of appeal to improperly find facts. While it is not uncommon for a lone dissent to assert that the majority has improperly found a fact *in that particular case*, this hardly supports Li's assertion that *each* of the federal circuit courts of appeal *routinely* usurps the fact-finding function of the district courts.

Second, Li asserts that the Federal Circuit "specifically reject[ed] the basis for the trial court's finding of [Li's] knowledge" and "substituted its own finding of fact on [Li's] knowledge." However, contrary to Li's assertion, the Federal Circuit did not reject and, indeed, adopted the basis for the trial court's finding of Li's knowledge - an unequivocal holding by the Patent and Trademark Office (PTO) Board of Appeals (Board) in an earlier Li application prosecuted by Li himself (and his attorney) that Li was not entitled to an earlier filing date for his "*within* 1.0 micron" and "*within* 0.1 micron" claim limitations.

Third, and closely related to Li's second assertion, Li asserts that, with respect to his knowledge of the adverse Board decision, there was a conflict between a supposed "explicit" ruling by the trial court and a supposed "implicit" ruling by the Federal Circuit. However, contrary to Li's assertion, there was no such conflict and, indeed, the trial court and the Federal Circuit were of one mind that Li had engaged in a "persistent course of nondisclosure and misrepresentation [which] constituted inequitable conduct." (Pet. App. A16).

B. Factual Background

As held by the Federal Circuit (Pet. App. A3), the patent in suit (the '800 patent) is directed to a method for making a semiconductor device with isolation grooves used to separate regions of the device. More specifically, the patent claims a method for making a semiconductor device by forming a semiconductor material substrate of one conductivity type (e.g., P-type); forming on the substrate a semiconductor material body of the opposite conductivity type (e.g., N-type), thus creating a PN junction; and forming an isolation groove in the body extending close to the PN junction. Each of the claims of the '800 patent includes the important limitation that the bottom of the groove must be within 0.1 microns[1] of the PN junction (the "0.1 micron" limitation).

Li had an earlier patent application which issued as the '513 patent. The '513 patent included claims directed to semiconductor structure rather than a method for making a semiconductor as described in the '800 patent. Each of the originally filed claims in this application, with the exception of claim 16, included a limitation that the bottom of the groove must be within 1.0 micron of the PN junction (the "1.0 micron" limitation). Claim 16 of this application contained the 0.1 micron limitation found in the claims of the '800 patent. (Pet. App. A4).

The relationship between the groove and the PN junction referred to in the claims of the '513 and '800 applications is more readily understood from the pictorial representation in

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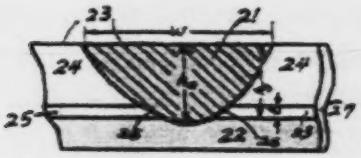
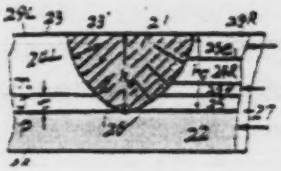
[1]A micron is .0000394 inches. Alternatively, there are 25,400 microns in an inch.

figure 2 in each of these patents as reproduced below.[2] (Fed. Cir. Jt. App. 796, 1375). For clarity, the rounded groove and the flat PN junction are shaded.



'513 figure 2



'800 figure 2

The *within* 1 micron limitation refers to the fact that the bottom of the groove is *within* 1 micron of the PN junction. Similarly, the *within* 0.1 micron limitation refers to the fact that the bottom of the groove is *within* 0.1 micron of the PN junction. Thus, both the *within* 1.0 and 0.1 micron limitations refer to the essentially tangential relationship between the bottom of the rounded groove and the flat PN junction.

The difficulty Li faced in the '513 and '800 applications in which he relied upon the within 1.0 and 0.1 micron limitations was a prior art patent to Peltzer in which the bottom of the groove was tangential to or touching the PN junction resulting in a zero distance between the bottom of the groove and the PN junction. (Pet. App. A4-A7). Of course, a zero micron distance is *within* both 1.0 and 0.1 micron. Figure 1 of the Peltzer patent showing this tangential relationship and a zero distance between the bottom of the rounded groove and

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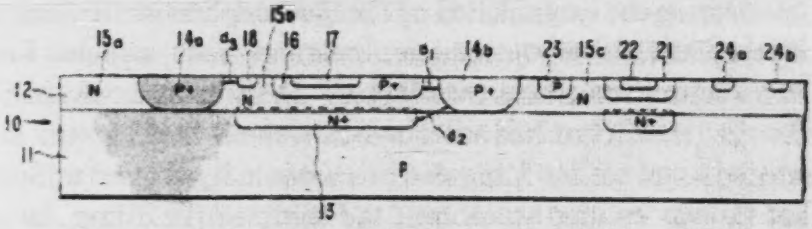
[2]For convenience and clarity, the application which matured into the patent in suit, the '800 patent, is referred to as the '800 application and the application which matured into the '513 patent is referred to as the '513 application.

the flat PN junction is reproduced below with the groove and the PN junction shaded. (Fed. Cir. Jt. App. 1385).



Peltzer figure 1

During the examination of the earlier '513 application, the patent examiner, Examiner Larkins, rejected Li's *within* 1.0 and 0.1 micron claims over the prior art Peltzer patent. Li and his attorney Kavrukov (collectively "Li")[3] responded by asserting that the '513 application was entitled to the filing dates of two earlier Li applications (the applications which matured into Li's '714 and '109 patents), each of which had a filing date prior to Peltzer's filing date. However, Larkins held that the '513 application was not entitled to the benefit of either of these earlier filing dates. Li appealed to the Board who specifically

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[3]The plaintiff is the Li Second Family Limited Partnership. Chou H. Li is its sole general partner. (Pet. App. A2). Li's patent attorney was Ivan S. Kavrukov. (Pet. App. A10). Li was no novice with respect to prosecuting patent applications. He was registered to practice before the PTO as a patent agent. (Pet. App. A41). Further, the district court found that he is "a savvy and sophisticated [patent] practitioner," that "he had secured 'maybe 40' patents during his career" and that "he clearly understood the importance of the Board's decision." (Pet. App. A45).

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held that he was not entitled to the benefit of either of these earlier filing dates. Li requested reconsideration of this ruling but the Board adhered to its decision. Li did not appeal the Board's ruling to the Federal Circuit. (Pet. App. A4-A6).

During the examination of the '800 application a number of years later, the '800 examiner, Examiner Saba, rejected Li's *within* 0.1 micron claims over Peltzer. Despite the unescapable fact that the Board had unequivocally held that he was not entitled to an earlier filing date, Li repeatedly argued to Saba that he was entitled to each of the same earlier filing dates. (Pet. App. A6-A7). Had Li told Saba of the Board's decision, Saba would have been duty-bound to follow it. (Pet. App. A42). The Federal Circuit characterized Li's repeated misrepresentations to Saba that he was entitled to each of these same earlier filing dates as a "persistent course of nondisclosure and misrepresentation [which] constituted inequitable conduct." (Pet. App. A16).[4]

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[4]Throughout his petition, Li strives to characterize this case as one of common law fraud - "The case at bar involves a charge of *fraud* or, as the Federal Circuit Court of Appeals prefers to call it, inequitable conduct." (Pet. 13), emphasis added; "inequitable conduct, formerly called *fraud* on the Patent Office" (Pet. 5), emphasis added; "inequitable conduct (*fraud* on the Patent Office)" (Pet. i), emphasis added. However, inequitable conduct "is a lesser offense than common law fraud." *Nobelpharma AB v. Implant Innovations Inc.*, 141 F.3d 1059, 1069 (Fed. Cir. 1998) ("Inequitable conduct in fact is a lesser offense than common law fraud, and includes types of conduct less serious than 'knowing and willful' fraud.").

REASONS FOR DENYING THE PETITION

This case does not warrant further review. *First*, Li has not made even the most rudimentary showing to support his sweeping assertion that the various federal circuit courts of appeal have routinely usurped the fact-finding function of the district courts. *Second*, contrary to Li's assertion, the Federal Circuit did not reject the basis for the trial court's finding of Li's knowledge. On the contrary, the Federal Circuit agreed with the basis for the trial court's finding of Li's knowledge - an unequivocal holding by the Board in an earlier Li application, prosecuted by Li himself and his attorney, that Li was not entitled to an earlier filing date for either his "within 1.0 micron" or his "within 0.1 micron" claim limitation. *Third*, contrary to Li's assertion, with respect to his knowledge of the adverse Board decision, there was no conflicting "explicit" ruling by the district court and "implicit" ruling by the Federal Circuit. Rather, both the district court and the Federal Circuit were of one mind that Li engaged in a persistent course of nondisclosure and misrepresentation which constituted inequitable conduct.

A. Li's First Question Presented Does Not Warrant Review

Li cites no authority for his sweeping assertion that the various federal circuit courts of appeal have routinely usurped the fact-finding function of the district courts. On the contrary, the supposed support for Li's argument is limited to carefully selected dissents from a small number of cases which assert that, *in that particular case*, the majority found a particular fact

to be true.[5] In not one of these dissents is there any suggestion that it is *routine* for *each* federal circuit court of appeal to improperly misappropriate the fact-finding function of the district court. Although it is not unusual for a dissenting jurist to assert that the majority has improperly established a fact *for that particular case*, this is woefully inadequate support for Li's sweeping assertion that *each* of the federal circuit courts of appeal *routinely* usurps the fact-finding responsibility of the district courts.

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[5] *Jobe v. I.N.S.*, 238 F.3d 96, 102 (1st Cir. 2001); *Huertas v. East River Housing Corp.*, 992 F.2d 1263, 1270 (2d Cir. 1993); *Armstrong Surgical v. Armstrong Memorial Hospital*, 185 F.3d 154, 165 (3d Cir. 1999); *Curcio v. John Hancock Mut. Life Ins. Co.*, 33 F.3d 226, 239 (3d Cir. 1994); *Cilicek v. Inova Health System Services*, 115 F.3d 256, 264 (4th Cir. 1997); *Be-Lo Stores v. N.L.R.B.*, 126 F.3d 268, 301 (4th Cir. 1997); *Streber v. C.I.R.*, 138 F.3d 216, 224 (5th Cir. 1998); *Greenwood v. Societe Francaise De*, 111 F.3d 1239, 1251 (5th Cir. 1997); *Stotts v. Memphis Fire Department*, 858 F.2d 289, 303 (6th Cir. 1988); *United States v. Jerez*, 108 F.3d 684, 717 (7th Cir. 1997); *Libman Co. v. Vining Industries, Inc.*, 69 F.3d 1360, 1367 (7th Cir. 1995); *Families Achieving Independence v. Social Services*, 91 F.3d 1076, 1083 (8th Cir. 1996); *Johnson v. Methorst*, 110 F.3d 1313, 1319 n.5 (8th Cir. 1997); *Prudential Ins. Co. of America v. Lai*, 42 F.3d 1299, 1306 (9th Cir. 1994); *Ware v. Unified School District No. 492*, 902 F.2d 815, 820 (10th Cir. 1990); *Bellsouth Advertising and Publishing Corp. v. Donnelley Information Publishing Inc.*, 999 F.2d 1436, 1485 n.9 (11th Cir. 1993); *Diamond Walnut Growers, Inc. v. N.L.R.B.*, 113 F.3d 1259, 1274 n.6 (D.C. Cir. 1997); *Nobelpharma AB v. Implant Innovations, Inc.*, 129 F.3d 1463, 1475-76 (Fed. Cir. 1997), *op. withdrawn on reh.*, 141 F.3d 1059 (Fed. Cir. 1998).

B. Li's Second Question Presented Does Not Warrant Review

Li's second question presented asserts that "the court [Federal Circuit] substituted its own finding of fact on knowledge after specifically rejecting the basis for the trial court's finding of knowledge." This assertion is baseless. The Federal Circuit did not reject the basis for the trial court's finding of knowledge. Indeed, the Federal Circuit adopted it.

Li's cryptic "finding of fact on knowledge" is believed to refer to Li's knowledge that the Board decision held that Li was not entitled to an earlier filing date for his "within 0.1 micron" claim limitation. As to this knowledge, both the Federal Circuit and the trial court were of one mind that Li knew that this was the plain holding of the Board decision. The decision by the Federal Circuit is replete with statements agreeing with the district court's logical and unremarkable holding that Li knew that the Board had held that he was not entitled to an earlier filing date for his "within 0.1 micron" claim limitation.

> In the '758 application that resulted in the '513 patent, all originally filed claims, except claim 16, contained a limitation that the bottom of the groove must be within 1.0 micron of the PN junction (the "1.0 micron" limitation). *Claim 16 contained the 0.1 micron limitation found in the claims of the '800 patent.*

(Pet. App. A4), emphasis added.

> Although the Board did not *explicitly* state that the earlier patents lacked support for the 0.1 micron limitation, *it did so implicitly when it*

> *concluded that none of the claims, including claim 16 with the 0.1 micron limitation, were entitled to an earlier date. Furthermore, the reasoning behind the Board's decision applies equally to the 0.1 micron limitation and the 1.0 micron limitation*--no prior patent or application placed any emphasis on the distance between the bottom of the groove and the PN junction.

(Pet. App. A5), emphasis added.

> *The [district] court rejected Li's argument that the Board's decision did not apply to the 0.1 micron limitation.*

(Pet. App. A8), emphasis added.

> The district court concluded that Li failed to disclose the Board's decision and that he further committed inequitable conduct by affirmatively misrepresenting to Examiner Saba that the claims of the '102 ['800] application, *all of which included the 0.1 micron limitation*, were entitled to the 1965 or 1968 filing date of one of the earlier applications, *even though he knew the Board had reached a contrary result with respect to claims of the '758 ['513] application.*

(Pet. App. A9), emphasis added.

> Moreover, the district court not only found that Li failed to disclose the Board's decision to Examiner Saba, it also found that Li affirmatively and repeatedly argued to

> Examiner Saba that the claims of the '102 application were entitled to the benefit of earlier filing dates. In view of *the Board's decision that the 0.1 micron limitation was not supported by the earlier patents*, [FN3] we agree with Toshiba and the district court that Li's repeated statements regarding earlier filing dates are properly characterized as affirmative misrepresentations. Thus, we discern no clear error in the district court's finding that, during prosecution of the application that matured into the '800 patent, Li engaged in a persistent course of nondisclosure and misrepresentation that may constitute inequitable conduct if the materiality and intent requirements are satisfied.
>
> FN3. On appeal, Li argues that the '109 and '714 patents support the 0.1 micron limitation and that the Board's decision does not apply to the 0.1 micron limitation. *The Board, however, implicitly found that the earlier patents did not support the 0.1 micron limitation when it concluded that no claims, including claim 16 with the 0.1 micron limitation, were entitled to the benefit of an earlier filing date.* The correctness of the Board's decision is not before us for review.

(Pet. App. A11-A12), emphasis added.

Thus, contrary to Li's assertion, the Federal Circuit did not reject and, indeed, it adopted the district court's logical and unremarkable findings of fact on knowledge.

C. Li's Third Question Presented Does Not Warrant Review

In his third question presented, Li creates a semantical argument of no substance whatsoever.

As noted above, in Li's appeal to the Board in the '513 application, the Board held that Li was not entitled to an earlier filing date for either his claim limitation of within 1.0 micron or his claim limitation (claim 16) of within 0.1 micron. Although the Board did not state in *haec verba* that claim 16 with its within 0.1 micron limitation was not entitled to an earlier filing date, both the district court and the Federal Circuit were of one mind that this was the Board's plain holding. In this regard, the district court stated

> Further, the Board stated that "all the claims at bar require that the bottom of the groove(s), be *within* one micron of the PN junction." DX 4 at 142 (emphasis added). Clearly, a limitation of "within one micron" necessarily includes a measurement of 0.1 microns. Therefore, Toshiba argues and we conclude that the Board clearly held that Li's claimed limitation of within 0.1 microns was not entitled to priority. Because the Board had made such an *express* statement about the "within a tenth of a micron" claim, Saba would have been bound by that decision. In other words, had Saba known that Li was not entitled to priority dates for claim 16

> in the '513, Saba would not have been able to allow the "within 0.1 micron" limitation for the '800. The only way Saba could have allowed that claim to survive in light of the prior art was to grant Li the benefit of the priority dates. Thus, Li's failure to disclose the Board's earlier ruling cleared the way for Saba to allow the '800.

(Pet. App. A44), emphasis added to explain Li's semantical argument.

The Federal Circuit held to the same effect and stated that, although the Board did not make an explicit statement in this regard, it made an implicit statement. The Federal Circuit further stated in this regard that "the reasoning behind the Board's decision applies equally to the 0.1 micron limitation and the 1.0 micron limitation."

> Thus, the Board concluded that the claims of the '758 ['513] application were not entitled to the benefit of an earlier filing date, and that therefore Peltzer, Murphy, and Sanders were available as prior art references against the claims. Although the Board did not *explicitly* state that the earlier [Li] patents lacked support for the 0.1 micron limitation, it did so *implicitly* when it concluded that none of the claims, including claim 16 with the 0.1 micron limitation, were entitled to an earlier date. Furthermore, the reasoning behind the Board's decision applies equally to the 0.1 micron limitation and the 1.0 micron limitation -- no prior [Li] patent or application placed any

> emphasis on the distance between the bottom of the groove and the PN junction.

(Pet. App. A5), emphasis added to explain Li's semantical argument.

In making his argument (Pet. 5), Li quotes the district court's use of the word "expressly" at A44 and then quotes the Federal Circuit's holding noted above with its use of the term "implicitly." However, Li truncates the Federal Circuit's quotation so that it ends after "implicitly" which results in Li omitting from his quotation the critical point that the Federal Circuit specifically held after it used the word "implicitly" that "the reasoning behind the Board's decision applies equally to the 0.1 micron limitation and the 1.0 micron limitation."

Thus, the Federal Circuit did not reject the district court's finding and, indeed, it adopted this finding. That the Board did not expressly state in *haec verba* that claim 16, with its within 0.1 micron limitation, was not entitled to an earlier filing date does not mean that this was not the Board's plain holding as both the district court and the Federal Circuit agreed. Although the district court used the word "express" and the Federal Circuit used the word "implicitly," this difference is only semantical and is not substantive. Both the "express" statement by the district court and the "implicitly" statement by the Federal Circuit state the same conclusion - the Board plainly held and so advised Li that he was not entitled to an earlier filing date for his within 0.1 micron claim limitation.

Li's truncation of the quotation from Federal Circuit's holding does not enhance clarity. Since, as specifically held by the Federal Circuit following its use of the term "implicitly," the reasoning behind the Board's decision applied equally to

the 0.1 micron and the 1.0 micron limitation, there can be no basis for any conclusion that Li was not aware that the Board had plainly held that claim 16, with its within 0.1 micron limitation, was not entitled to the benefit of an earlier filing date.

Further, Li's current position that the Board decision was not adverse to his within 0.1 micron claim limitation is directly contrary to Li's deposition/trial testimony that Saba, in allowing the '800 application, "overruled the Board." As held by the district court,

> *Li also knew that Saba's ruling directly contradicted the Board's earlier ruling.* Li stated that he thought Saba was simply "overrul[ing] the Board" when he finally allowed the ['800] application. *If Li knew that Saba was "overruling" the Board, then Li certainly had knowledge that Saba's decision was contrary to the Board's decision,* which Saba was bound to follow. Moreover, *when Li stated that he did not want to "criticize" the Board, he was making two crucial admissions: (1) he knew that the Board had previously ruled against him;* and (2) he purposely and knowingly did not disclose the Board's prior ruling to Saba.

(Pet. App. A47-A48), emphasis added.

Li's semantical argument, which relies in large part upon his clarity-diminishing truncation of his quote from the Federal Circuit's decision, is devoid of substance and lacking in merit.

CONCLUSION

For the foregoing reasons, Li's petition for a writ of certiorari should be denied.

Respectfully submitted,

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